Leadership & Management

Discussion for Lesson 2: The Changing Paradigm of Management

Reading Objectives

1. The student will know the four management functions and the type of management activity associated with each.
2. The student will comprehend the difference between effectiveness and efficiency and their importance for organizational performance.
3. The student will comprehend conceptual, human, and technical skills and their relevance for managers and non-managers.
4. The student will know the ten roles managers perform in organizations.
5. The student will comprehend the new management paradigm and the issues managers must prepare for in the future.

Reading Objectives

6. The student will know the steps in the decision-making process.
7. The student will comprehend why decision-making is so pervasive in organizations.
8. The student will comprehend the role that intuition plays in the decision-making process.
9. The student will comprehend the different decision making styles.

Discussion Objectives

1. Compare Leadership and Management.
2. Discuss the four management function.
3. Discuss Decision Making: Rationality, Bounded Rationality, Intuition.
4. Discuss conceptual, human, and technical skills and their relevance for managers and non-managers.

Leadership vs. Management

- **Leadership** is an influence relationship among leaders and followers who intend real changes that reflect their shared purposes.
- **Management** is the attainment of organizational goals in an effective and efficient manner through planning, organizing, leading, and controlling organizational resources.

Management Functions

- Planning
  - Where the organization wants to be in the future and how to get there.

Management Functions

- Organizing
  - Follows planning and reflects how the organization tries to accomplish the plan.
  - Involves the assignment of tasks, grouping of tasks into departments, and allocation of resources.

Management Functions

- Leading
  - The use of influence to motivate employees to achieve the organization's goals.
  - Creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees to perform at a high level.

Management Functions

- Controlling
  - Monitoring employees' activities, determining if the organization is on target toward its goals, and making corrections as necessary.

Management Skills

- Conceptual Skill—the ability to see the organization as a whole and the relationship between its parts.
- Human Skill—The ability to work with and through people.
- Technical Skill—Mastery of specific functions and specialized knowledge.

Decision Making

- Decision: a choice made from two or more alternatives.
- Part of all four managerial functions
- Decisions are made on the basis of:
  - Rationality
  - Bounded Rationality
  - Intuition

Rationality

- Problem is clear and unambiguous.
- Single goal.
- All alternatives are known.
- Clear and constant preferences.
- Maximum payoff.
- The decision is in the best interest of the organization—not the manager.

Bounded Rationality

- Behavior that is rational within the parameters of a simplified model that captures the essential features of the problem.
- Making a decision that is “good enough.”

Intuitive Decision Making

- An unconscious process of making decisions on the basis of experience and accumulated judgment.
  - Making decisions on the basis of gut feeling doesn't happen independently of rational analysis. The two complement each other.
  - Although intuitive decision making will not replace the rational decision-making process, it does play an important role in managerial decision making.

Exercise

- The Management Aptitude Questionnaire

Next Class

- *From Management to Leadership*
- Read: Leadership & Management, Chapter 3.
- Written Assignment 1 is due at the start of class on the day of Lesson 5

Summary

- ✓ Leadership vs. Management.
- ✓ The four management functions: Planning, Organizing, Leading, Controlling.
- ✓ Decision Making: Rationality, Bounded Rationality, Intuition.
- ✓ Conceptual, Human, and Technical Skills.